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Laura D. Ford  
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November 19, 1992

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Donna R. Searcy  
Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Mail Stop 1700  
Washington, D.C. 20554

RE: CC Docket 92-101 Employers' Accounting for Post Retirement Benefits  
Other Than Pensions

Dear Ms. Searcy:

This letter is submitted in accordance with the Commission's rules governing ex parte presentations. On November 18, 1992, Bill Johnston of U S WEST and I met with Lauren Belvin to discuss issues presented in U S WEST's pleadings in the above-referenced docket proceeding. The attached handouts were provided in the meeting. Please include a copy of this letter in the record in this proceeding.

Acknowledgment and date of receipt of this transmittal are requested. A duplicate letter is attached for this purpose.

If you have any questions, please call me.

Sincerely,

*Laura D. Ford*

Attachments

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

## Postretirement Benefits

- **Postretirement benefit costs are real costs**
- **Postretirement benefit costs are outside the LEC's control**
- **85% of postretirement benefit costs are not reflected in GNP-PI**

**U S WEST**

## **Postretirement Benefits**

- **Postretirement benefit costs are real**
  - **Cost will eventually become cash payments to retirees**
  - **Non-cash costs are not "unreal" just because cash is paid at a different time**
    - **Depreciation**
    - **Deferred taxes**
    - **Pension costs**

**U S WEST**

<b>Postretirement Benefits</b>
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- **Exogenous Adjustment Criteria**
  - **Outside the LEC's control**
  - **Change not reflected in GNP-PI**

## Postretirement Benefits

- **Postretirement benefits liability is beyond the LECs control**
  - **FASB 106 mandates current recognition of postretirement benefit cost**
  - **Health care benefits provided to employees for many years**
  - **Exogenous costs being requested relate to employee services prior to 1993**
  - **U S WEST's ability to reduce or eliminate benefits is very limited**

## Postretirement Benefits

- **Exogenous costs being requested will not be reflected in GNP-PI**
  - **Godwins Study**
  - **Assumptions are very conservative**
  - **Exogenous request reflects 85% of cost**

# U S WEST

## Postretirement Benefits

### U S WEST Price Reductions

7-1-90 price cap filing < \$76 > million

7-1-92 price cap filing < \$93 > million

< \$169 > million

7-1-90 annual filing < \$226 > million

1-1-91 represcription < \$41 > million

< \$267 > million